

BACKGROUND TOPICS FOR
REMARKS TO THE SAN FRANCISCO WORLD AFFAIRS COUNCIL

30 September 1983

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Changes in International System & Impact on Intelligence

°July issue of Newsweek featured article titled "Even in Peacetime 40 Wars are Going On." Meant to shock and startle readers, majority of whom are probably unaware of multitude of violent disputes around world. But no surprise in the corridors of CIA where analysts must follow all developments around globe and assess their implications for U.S.

°Streak of wistful isolationism runs through our history. Sometimes we wish to close eyes and ears to conflicts in far-off places because believe or hope such violence will not affect us. At one time, not long ago, this was true. In 1933 A tribal war in Africa or Asia was of no consequence to U.S. Today might mean cut-off of a strategically vital mineral.

°War is only most extreme expression of international tension. Must follow dozens of international issues at CIA beyond comparatively basic job of monitoring and predicting wars.

°International system has undergone dramatic changes since 1947 when CIA was established. In post World War II period, only U.S. stood at pinnacle of world power. Soviet Union was only beginning to be perceived as a serious strategic threat.

°Have since witnessed rise of hundreds of independent states as well as rise of significant nonstate actors, such as terrorist movements and economic cartels. Our economy now much more dependent and sensitive to international financial trends or to economic health of other countries.

°National security depends on coming to grips with complexities of this age. Result: Intelligence Community must monitor more and more issues beyond traditional confines of strict military and political analysis.

°Nations which pose no military threat to us but whose clout stems from possession of certain resources or from their geographic locale must now be watched carefully, as must regional rivalries with no direct U.S. involvement. Regional rivalries that explode into open warfare can cause severe international repercussions if conflict occurs in sensitive part of the world. Two present day examples are Iran-Iraq war and Libyan-Chad conflict.

°Rise of significant nonstate actors and complexity of present day international relations required us to expand analysis to include what are called transnational issues -- terrorism, nuclear proliferation, technology transfer, and insurgency.

°Since these problems cannot be analyzed and understood by looking at merely one country or just one dimension of problem, have created new analytical centers at CIA such as Technology Transfer Assessment Center where economic, military, and political analysts are in daily contact, each providing unique perspectives on the issue.

°Because of variety and quantity of problems intelligence must follow today, also need even greater flexibility and diversity in collection systems. To be of real use, intelligence must be available to policymakers quickly if crisis about to erupt. Collection systems must also respond quickly to new and changing requirements.

°To rely on merely one type of collection operation such as overhead reconnaissance is to invite disaster. Importance of human intelligence, collection of information by intelligence officers stationed overseas, has not diminished despite technological advances in reconnaissance systems. Human intelligence still necessary to answer very tricky questions concerning intentions of foreign leaders.

°Also trying to insert alternative hypotheses into community-wide intelligence estimates.

°On Board of National Estimates, each chief of an agency with some intelligence responsibilities -- such as the Defense Intelligence Agency, the National Security Agency, as well as CIA -- is responsible for making sure that his agency's views are fully represented. Ensures that the President receives the full-range of opinions from Intelligence Community.

°To answer all requests from policymakers, Intelligence Community is rebuilding resources after suffering severe cuts in 1970s. During that decade people reduced by 50 percent and budget cut some 40 percent. With the support of this Administration, we are on our way back.

World Debt Problems

°Major problem facing world economy today -- inability of many less developed and East European countries to repay debts.

°Amount of these countries' debt enormous. Combined medium and long-term debt grew from \$55 billion in 1970 to \$625 billion last year.

°Debt in and of itself may not be bad but becomes big problem when cannot be repaid. These countries debt service payments -- an indicator of growing indebtedness -- accelerated rapidly in late 1970s. Last year reached \$140 billion.

°At same time, ability of many of these countries to earn foreign exchange needed to repay loans deteriorated as prices for industrial raw materials and agricultural products fell rapidly beginning in 1980. Also in 1979 oil prices and interest rates sharply increased, and global recession decreased demand for Third World goods. In other words, they got less for what they had to sell and had to pay more for what they needed, such as loans and oil.

°In 1975, only 15 countries were listed by International Monetary Fund as behind in paying debts. In 1982 list had expanded to 34 countries behind almost \$19 billion.

°Score or more countries have outstanding debt in excess of \$5 billion. Leading list are our southern neighbors: Brazil, Mexico, and Argentina.

°Crux of problem for U.S. is that domestic costs of paying off these debts means declining standards of living in these countries. Can easily lead to political and social instability and growth of radical movements.

°Have already been riots in Rio and Sao Paulo. Pace of illegal Mexican emigration to the U.S. has picked up.

°Inability of these countries to honor repayment agreements could also have a negative effect on economic recovery in industrial world. Four of U.S. banks' top ten foreign customers are in serious financial trouble. American commercial banks have major stake in debtor countries, especially in Latin America. By 1982, U.S. banks had lent \$96 billion to Latin America. U.S. government, in collaboration with other governments and banks, is dealing with debt readjustments on a case-by-case basis.

°For U.S. intelligence, task is to closely monitor these countries' economies as well as domestic repercussions of their financial difficulties to our national security .

Terrorism

°On 18 April 1983, a pickup truck drove up to U.S. embassy in Beirut. Seconds later an explosion ripped apart central section of the seven story building. Over 100 people injured; 57 killed including 17 Americans. This is but latest tragic example of how terrorist groups increasingly threaten U.S. lives and property overseas.

°Our task is to track and, if possible, infiltrate these groups. Infiltration is not easy. Groups now using more sophisticated security procedures.

°A handful of countries -- Syria, Libya, Cuba, the USSR, East Germany, Iran, and South Yemen -- provide arms, money, and training to terrorist cells. Most worrisome development is that for some of these countries, terrorism is becoming an accepted instrument of state policy.

°U.S. citizens are primary targets of radical groups. About 200 Americans killed since 1968; about half victims of indiscriminate attacks; but more and more terrorists are specifically singling out Americans for assassination.

°In part, it is extreme envy for our standard of living; in part, because our freedoms and beliefs are anathema to those who support totalitarianism or anarchism.

°U.S. diplomats are most frequent victims but American businessmen are next likeliest target. U.S. firms have paid an estimated \$125 million in ransom over past 10 years.

°Most common type attack is a bombing. Have recorded nearly 4,500 such attacks worldwide since began keeping records about 15 years ago. Greatest number of terrorist attacks now occur in West Germany, Lebanon, Spain, and France.

°Concern in intelligence for this growing threat to U.S. lives and property reflected in fact we have established a new analytical center in CIA specifically devoted to tracking terrorist groups.

Nuclear Proliferation

°Current conventional wisdom describes nuclear weapon systems almost totally in terms of the U.S. and USSR, but such a fixation already outdated.

°In future, a conflict in Asia might involve nuclear threats from Pakistan, India, and China, possibly even USSR and certain Arab states.

°As example illustrates, nuclear proliferation likely to become greater threat to the stability of the international system in general and to U.S. interests in coming years.

°Developing countries have greater access to nuclear material and weapons-related technology. More countries beginning to export nuclear materials. Brokers, skilled at circumventing government export policies, now specialize in discreet buying and selling of nuclear-related equipment.

°Time between making fissionable material and building a nuclear weapon has shrunk -- leaving U.S. less room for diplomatic action. Development of small nuclear forces is easier, even without nuclear tests.

°Developing countries banding together more often to resist new nonproliferation initiatives or strengthening of existing codes. Claim other problems such as U.S. - USSR disarmament must be addressed first.

°Besides our concern for long-term nuclear threat to our people, there are more immediate, destabilizing political effects when a nation considers developing nuclear weapons. Very fact that a state begins research and development can exacerbate regional tensions and strain our relationship with otherwise friendly countries.

°For example, in Latin America, our differences with Argentina's and Brazil's efforts to develop certain nuclear-weapons-related facilities and their unwillingness to sign the Nuclear Proliferation Treaty could hamper U.S. efforts to restore our influence in the region.

°Finally, threat of nuclear terrorism increases in direct proportion to nuclear proliferation. Increasing number of foreign facilities capable of producing nuclear materials expands potential sources for terrorists and increases the difficulty of refuting false threats.

Soviet, Cuban, and Nicaraguan Activities in Central America

°Soviets do not want war--just the fruits of war.

°To accomplish this, Soviets have designed a low-risk, low-profile strategy that makes maximum use of surrogates to front for them, allowing the Kremlin to stay half-hidden in the shadows.

°It is a "clever" strategy that is particularly difficult for an open democratic nation like ours to counter. Any direct response by West conveniently condemned as imperialistic.

°Strategy at work today in our own backyard in Central America. Soviet theorists have not overlooked fact that strategically the Caribbean Sea and Central America form this nation's fourth border. Half of all of our foreign trade passes through either Panama Canal or other Caribbean sea lanes. Soviet control of these sea lanes could destroy our capacity to resupply Western Europe in an emergency and could tie our forces down on our southern border.

°During Vietnam War, critics of U.S. policy scoffed at domino theory. With the fall of South Vietnam, Laos and Cambodia, they should be less sanguine. All should be concerned about a similar process in Central America where border areas not clearly marked and where there is a history of inequities to fuel political violence.

°Cuba, backed by Soviet arms, money, and advisers, is using contacts nurtured over more than 20 years to provide political and military training, as well as propaganda support to violent groups intent on establishing Soviet and Cuban surrogate states.

°Extent of Soviet military aid to Cuba to help in Castro's quest is staggering. Soviet military deliveries to Cuba increased dramatically in 1979 to more than 65,000 tons by 1981 and continues at high rate today. Improvements to their armed forces and stronger Soviet-Cuban military ties have enabled Cuba to assume a more influential role in this hemisphere than its size or resources dictate. Soviet assistance to Cuba now totals more than \$8 million a day.

°Cuba's immediate goals are to consolidate control of Sandinista government in Nicaragua and, with their aid, overthrow governments of El Salvador, Guatemala and later Honduras and Costa Rica.

°They move quickly to exploit any opportunity. Within a week after Sandinistas took over Nicaragua, 100 Cuban military and security personnel were in Managua. Today there are about 8,000 Cubans, including some 2,000 military advisers. These are supplemented by some 50 Soviet military and 100 economic advisers. Soviet personnel assisting the Sandinistan security services, even Nicaraguan general staff. East Europeans, Libyans, Vietnamese, and PLO personnel all active in Managua.

°Sandinistas engaged in a huge military buildup. Somoza's National Guard numbered about 9,000 before 1979 and about 15,000 at height of fighting. Sandinistas now have 25,000 regular troops and 50,000 in active reserve and militia forces. Have built 40 new military bases stocked with medium tanks, armored personnel carriers, and mobile rocket launchers, from the Soviet Union and Soviet Bloc nations.

°1979 was beginning of partnership between Havana and Managua in exporting subversion to rest of Central America. Partnership has resulted in building of numerous guerrilla training camps in Nicaragua, shipment of tons of weapons, and establishment in Managua of a guerrilla command and control facility.

°One example of well-orchestrated arms shipments: On 15 March 1982, Costa Rican Judicial Police discovered a house in San Jose at which was hidden a cache of about \$500,000 worth of weapons, explosives, uniforms, and false visas. These were to be transported through Costa Rica to El Salvador by Nicaraguans in vehicles with hidden compartments. These arrests happen all the time.

°Guerrillas in El Salvador are using arms to go after economic targets, to try to force government into a static defense posture. Not been successful, to date, in either disrupting electoral process or in defeating government forces despite daily directions from Cuban and Soviet advisers.

°But struggle will continue because Soviets and Cubans are well aware strategic stakes are high. Economic costs also high. Production in Central America has plunged some 20% since onset of leftist guerrilla activity in 1979. In El Salvador alone, guerrilla attacks have cost government an estimated \$700 million. Vicious cycle begins to develop since stagnant economic conditions foster more violence.

°Soviets and Cubans believe that U.S. government and American people are unable to maintain a consistent policy of opposition. Would be naive to think they will be content with just Nicaragua or just El Salvador. Extreme leftist groups with Soviet and Cuban backing are already at work in Honduras, Costa Rica, and Guatemala.

Technology Transfer

°Modern warfare and modern weapons systems depend upon advanced technology: microelectronics, communications, computers, advanced metal-making equipment and so on.

°Soviet Union's economy inefficient, overcentralized, and suffers from a lack of innovation. So who provides the R&D, the technological genius, behind the massive Soviet military build-up? We do.

°A few startling examples:

- Soviets had the plans to the C-5A before it flew.
- Soviet trucks used in Afghanistan came from a plant outfitted with \$1.5 billion modern American and European machinery.
- Precise gyros and bearings in SS-18 ICBM from US designs.
- Radar in Soviet AWACs virtually ours.
- Starting with set of plans for US Sidewinder Air-to-Air missile, Soviets built a copy, saving 7 years in R&D time.
- List goes on and on.

°Soviet appetite for US and Western European technology is voracious. About 30% of technology requirements met by legal, open means such as subscribing to Aviation Week or by attending international conferences. 70% to 80% of their technology requirements satisfied by illegal means, relying on their intelligence services.

°Former KGB officers have told us clandestine acquisition of Western technology has highest priority in KGB and its military counterpart the GRU.

°A national-level program approved at highest party and government levels. Now several thousand intelligence officers, under various covers ranging from diplomats and journalists to businessmen, dedicated solely to this effort.

°Soviets hide behind dummy trading companies or sometimes engage bona fide European firms as middlemen to obscure ultimate destination. More than 30 Communist country owned-US chartered firms are in the US; 300 in Western Europe.

°Since early 1970s, Soviet and East European intelligence services emphasizing collection of manufacturing-related technology, in addition to weapon R&D designs. Famous Silicon Valley in California is favorite target for acquiring semiconductors and computer manufacturing designs.

°Has also been an increased emphasis on acquiring brand new technology emerging from our universities and research services. Particularly distressing because our commercial sector's security precautions have traditionally been no match against hostile intelligence operations.

°Intelligence Community is redoubling collection and assessment efforts. At CIA, have established a new analytical center, the Technology Transfer Assessment Center, to improve our analysis. We then pass our intelligence to Justice Department, FBI, Commerce, and other government components.

°In policy arena, government also taking such measures as tightening export control and restrictions on activities of Soviet and East European nationals in US. Getting Europeans to put squeeze on Soviets by exposing their covert expansionism showing where they have been duped.

°Nations of world beginning to focus on this problem. In last six or seven months, some 90 Soviets have been expelled from countries because of their illegal attempts to steal technology.

Soviet Active Measures

°In 1979, in Japan, a young Soviet officer named Stanislav Levchenko came over to our side. He was first Soviet "active measures" officer to defect to West. He had a lot of specific information to give us, but also explained the Soviet strategic concept of "active measures" in all its fullness.

°Active measures is Soviet term for all operations aimed at influencing policies of other nations, as distinguished from intelligence. Includes what we would call covert action but is much broader. Refers to an orchestration, at the highest level, of all Soviet instrumentalities, overt and covert, in pursuit of worldwide Soviet objectives.

°Soviet active measures include: diplomacy, propaganda, agitation, disinformation, forgeries, clandestine radio, press placement, and political influence operations.

°Primary target is U.S. Common aim of influence operations is to insinuate Soviet views, in a nonattributable fashion, in foreign governmental, journalistic, academic, and artistic circles.

°Strategic objectives are to denigrate US, isolate it from its friends, influence public opinion against US military programs and against CIA, and undermine political resolve of West to oppose Soviet encroachments.

°Soviet active measures in Western Europe well documented. In summer of 1977, Soviets initiated an intensive worldwide campaign against US production of neutron bomb.

°Campaign in Eastern Europe faithfully mirrored Soviet effort. World Peace Council, a Soviet front, went into action. Staged incidents in Istanbul, Accra, Stuttgart, Frankfurt, Lima, Tripoli, and Tanzania. There followed media pickup in Western Europe. First came the "hack comment" from fronts and CPs. Second type of comment, and the far more important, was that of non-Communists situated politically in center or on left. Adverse editorial treatment given neutron bomb by this non-Communist journalistic sector was Soviets' real propaganda success.

°While Soviets initiated the neutron bomb campaign, more often they exploit something already there. Desire for peace is strong among all nations.

When it becomes a "movement", Soviets will try to manipulate, to finance it. When it revolves around a controversial issue, particularly one with military implications like modernization of theater nuclear forces in Western Europe, they really move in a massive arsenal of "active measures" to push issue in direction they wish.